

# High Knob Utilities, Inc.

## Meeting Minutes for

**July 9 2007**

**Call to Order:** Dave Henderson called the bimonthly meeting of the High Knob Utilities, Inc (HKUI) Board to order at 7:05 PM. Other HKUI Board members in attendance were Keith Arnett, Josh Douglas, and Thomas Ricks.

**Previous Minutes:** The Board reviewed minutes for the May 14th, 2007 HKUI Board meeting. Josh Douglas moved to accept the minutes, Keith Arnett seconded the motion, and the minutes were approved.

**Treasurer's Report:** Chase Ragsdale was present and gave a written report, which is included here by reference. He noted that staff pay is running about \$3,000 below projections to date, due to staff reductions and some staff having worked fewer hours. He further reported that the current principal on the loan is about \$770,000. Dave Henderson asked whether interest is reduced only at year end, and Chase Ragsdale responded that extra payments are applied to principal, which reduces HKUI's semiannual payment. The invoice that HKUI receives is computer-generated and is based on the anticipated 20-year amortization, but nonetheless the interest liability is being reduced appropriately. Josh Douglas asked that the treasurer's report be labeled either HKOA or KHUI in future. Keith Arnett noted that HKUI appeared to be less than halfway through its annual budget, and asked why. Dan Althouse responded that HKUI operations are running below budget. He also noted that an insurance reimbursement of \$5,400 reduced expenses. Dave Henderson suggested that perhaps this amount should be accounted for under 'Other Income,' but Chase Ragsdale noted that doing so would make it taxable. Dave Henderson suggested that perhaps it should be accounted for in a new category, such as 'Non-taxable Income,' so that it appears as a line item. Chase Ragsdale agreed to confer with former treasurer Bob Brown to see what convention had been followed in the past for such items. Following these discussions, Josh Douglas moved that the report be accepted, Keith Arnett seconded the motion, and the board approved the report.

**Staff Reports:** Chase Ragsdale submitted a written report, which is included here by reference. He noted that it had been necessary to issue 5 stop-payments on HKUI checks during the last month due to loss of mail by the Front Royal Post Office. Josh Douglas raised the question of filing a formal complaint with the Post Office, but Dave Henderson expressed doubt that said action would have any practical effect.

Jerry Pomeroy was present and submitted a written report, which is included here by reference. He noted that there is a leak on Chestnut Drive that is to be repaired. Josh Douglas asked whether the backhoe had been returned from the repair shop, and Jerry Pomeroy responded that it had been returned, that it was working well, and that the repair bill was approximately \$4,300. Dan Althouse noted that some communications problems between the Alpine and Mountain Top facilities had been identified by the computer. The Mountain Top antenna was raised and some

trees around it were removed, which seemed to fix the problem. There was one day during which the system communications failed completely, but that appeared to be due to very strong signals being sent into the area by the Department of Homeland Security or some other federal agency.

**Water Operator's Report:** Dan Althouse was present for the meeting and submitted an oral report. He noted that usage is running at about 58,000 gallons per day, which is somewhat higher than usual, but this is in part seasonal. He also reported that transfer pump #1 at Alpine is not functioning, and that a new electrical panel had just been installed there, which was part of budgeted planned maintenance. Due to insufficient work space between the pump and electrical box, the county inspector had not given final approval; a work platform was being built to overcome this problem. He further reported that some lead and copper testing were being planned. Dan Althouse also reported the prices of a new computer that he had been researching, as follows: computer with monitor would cost \$1,450 from Dell; approximately \$1,050 from Best Buy; and \$1,100 from Royal Oak Computer. The computer would include 1 gigabyte of memory (upgradeable to 2 gigabytes) and two hard drives running synchronously to preserve data in case of a disk crash. Dave Henderson noted that Windows XP Professional was preferred over the Vista operating system. Dan Althouse concluded by recommending the purchase of a computer and monitor from Royal Oak Computer because they are a local vendor and have done good service for HKUI in the past. Thereupon Keith Arnett moved that the board authorize the recommended purchase, to include the Windows XP Professional operating system. The motion was seconded by Thomas Ricks and approved by the board. Dave Henderson noted that this purchase should be exempt from sales tax, to which Chase Ragsdale responded that a tax exemption had never been filed. Dave Henderson noted that said exemption could be filed retroactively, with the previously paid sales tax returned. Josh Douglas asked for the information about the water production from springs 4, 5, and 6. Dan Althouse responded that those springs were producing about 23,000 gallons per day, so the wells were being drawn upon to support current usage.

**Unfinished Business:** Dave Henderson noted in reference to the action for collection against Garth Gatlin that Mr. Gatlin had requested a jury trial, which was scheduled for July 16th. Vince Bonzagni was working to secure legal representation for HKUI.

Dave further noted that the board needed to address the question of what to do with surplus cash on hand. Chase Ragsdale informed the board that the current certificate of deposit had a value of \$36,000, with a maturity date in September, and with automatic rollover if not withdrawn. Keith Arnett noted that there had been a previous suggestion of placing the money in a capital fund. Dave Henderson suggested that a decision about the CD be deferred to the September board meeting. Dan Althouse noted that by that point there would be approximately \$45,000 in the HKUI checking account, in addition to the value of the CD. Josh Douglas noted that the maturity date might occur prior to the September board meeting, and additionally suggested that the operating principle for handling surplus cash should be a 50/50 division between the development of a capital fund and early loan repayment. Dave Henderson responded that the board will decide what to do with the CD funds prior to the maturity date, via a special meeting in late August or early September if that should prove necessary.

Dave Henderson also provided the board with an update on the demographic database project. The county data was in several different formats, so it requires some cleaning up, and afterward will be added to the database. Unnecessary data, such as assessment amounts, will not be added to the database. Information such as meter sizes and estimated installation date is being included. Dan Althouse added that the system is divided into six subsections, and that it will be possible to compare production and consumption within each subsection. Dave Henderson added that the database includes a field for a photo of the structure on a given lot.

Josh Douglas inquired as to the status of the audit. Chase Ragsdale responded that he would get updated information the following day. Dave Henderson asked that the current goal for the audit be clarified, and Chase Ragsdale responded that 'up to date' meant having the last two fiscal years complete for both HKOA and HKUI.

**New Business:** Dave Henderson noted that there was no need for an executive session.

The next meeting was tentatively scheduled for September 10<sup>th</sup>, 2007.

**Adjournment:** Keith Arnett moved to adjourn and Josh Douglas seconded the motion. The meeting was adjourned by Dave Henderson at 7:51 PM.

Thomas Ricks  
Secretary, HKUI Board